



**Metro District Energy System Advisory Board
Regularly Scheduled Meeting of
May 18, 2006**

Minutes of Meeting

The meeting was held at the Energy Generation Facility at 90 Peabody Street Nashville, TN 37210

Facilitators: Harvey Gershman and David Seader of Gershman, Brickner & Bratton, Inc.

Board Members Present:

J.B.Loring, Chairman
Charles Harrison
Phil Ryan

Board Members not Present:

David Manning (Represented by Michael Bradley)
Nancy Whittemore (Represented by Joe Hooper)
Joe Sweat
Thomas Turner
Yuri Cunza

Others Present:

Michael Bradley
Joe Hooper

The meeting was called to order by the Chairman at 10:10 A.M.

A motion was made by Mr. Harrison to approve the minutes of the last meeting held on February 16, 2005. The motion was seconded by Mr. Ryan and was passed on a unanimous voice vote.

Chairman Loring requested that Mr. Gershman begin presentation of the agenda for the meeting.

Mr. Seader reviewed with the Board the comparisons of NTTC invoices and DES invoices for 2005 and 2006. The review included a discussion of the unit costs for steam and chilled water and information regarding gas price increases during the comparative periods. Mr. Harrison requested additional detail on the State's invoice history during the comparison years. Mr. Seader agreed to send this information to Mr. Harrison.



Mr. Gershman then presented information on the operations and monitoring reports for the third quarter of FY 2006. The review included information on energy use, weather conditions and sales for the quarter. The monitoring of operations reflects that all contractual performance measures were met by the contractor. Mr. Gershman indicated that a significant water loss was occurring within the system, and efforts to locate it had thus far not been successful. Discussion followed about possible locations of the leak or leaks. Mr. Gershman indicated that a strategy would be developed to find the leak through system isolation during the off-cooling season.

The Board was given information on the recent accident at the EGF involving Crane Works, Inc. Mr. Ryan asked what lessons had been learned from the Crane Works accident. There was discussion that the facility benefited from having the bollards protecting the gas supply line, and that the crane should have been better positioned to handle the load of the box being moved. There were no injuries as a result of the accident, and customers were not significantly impacted by the temporary outage of service.

A review was then given by Mr. Seader of the natural gas purchasing process and comparisons of budget vs. actual spending. Information was also presented on gas costs savings to date, and the projected gas costs for FY 2007.

Mr. Seader then reviewed financial reports including budget vs. actual expenditures for FY 2006 and the third quarter summary. Spending is in line with the budget, and DES is expected to end the year within the budget, with no overspending anticipated. He then reviewed the capital projects information for 2006.

Mr. Gershman and Mr. Seader presented a brief overview of the FY 2007 capital project and operating recommendations included within the budget request.

Mr. Gershman gave a brief review of the Marketing Plan and discussed the up-coming International District Energy System Association conference to be held in Nashville at the Renaissance Hotel June 11-14, 2006. Mr. Gershman also mentioned that CEPS prepared a *System of the Year* application to I.D.E.A. for Metro Nashville DES.

A motion for adjournment was made by Mr. Harrison and was unanimously seconded and passed by the Board.

Without further discussion the meeting was adjourned at 11:20 A.M.

The next Board Meeting will be held August 17, 2006

Prepared by: _____
Michael Bradley

Approved: _____
Chairman

Date: _____

Date: _____